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News Release

FOR IMMEDIATE RELEASE
Wednesday, May 7, 2008

Owner of tile-setting business sentenced to 24 months in prison for failing to pay employment taxes

The owner of Tovey Tile Co., a tile-setting business with locations in Medina and Minnetonka, was sentenced today in federal court to 24 months in prison for failing to pay employment taxes on his employees.

United States District Court Judge Paul Magnuson also sentenced Scott M. Tovey, 40, Elk River, to three years supervised release on May 7 in St. Paul. Tovey pleaded guilty Jan. 10, to one count of failure to account for and pay over employment taxes, and was charged on Dec. 19, 2007.

“You stole a lot of money,” Magnuson told Tovey. “We (the government) trust citizens to do the right thing – pay their taxes. The government needs to enforce the law. When you don’t pay taxes, you pay the price.”

According to Tovey’s plea agreement, he was the responsible person within Tovey Tile to collect, account for, and pay over certain federal employment taxes, including federal income taxes and Federal Insurance Contribution Act (FICA) taxes on the wages of individual employees of Tovey Tile.

Tovey failed to file the required tax forms, and failed to pay over federal employment taxes. He also caused Tovey Tile to issue W-2 forms to its employees which reflected the federal employment taxes that were withheld from their wages. However, Tovey did not provide the W-2 forms to the Social Security Administration as required.

Despite being aware of his requirements, Tovey willfully failed to account for and pay those taxes to the Internal Revenue Service. From March 1999 through September 2003, the total tax owed by Tovey was approximately \$574,485.70.

Tovey also improperly claimed the federal employment tax from his personal individual income tax returns from 2000 through 2003 totaling \$63,322.

This case was the result of an investigation by the IRS-Criminal Investigation Division, and was prosecuted by Assistant U.S. Attorney Nicole A. Engisch.